

MEMORANDUM

TO: Senate Committee on Labor, Elections and Urban Affairs

FROM: Mike Golat, City of Altoona City Administrator

DATE: May 14, 2007

RE: **TESTIMONY REGARDING ALTOONA TIF AMENDMENT/SENATE BILL 180**

My name is Mike Golat, City Administrator for the City of Altoona.

Thank you for the opportunity to testify before you today regarding Senate Bill 180.

Because I know you are all very busy, my testimony will be brief.

In September of 2003, the City of Altoona sought to amend their TID #3 Project plan to expand the TID's borders.

TID #3 was originally formed in 2001 in anticipation of developing City-owned property around the new Highway 53 interchange in Altoona at River Prairie Drive.

Amending the plan would allow the City to finance infrastructure improvements to facilitate additional economic development projects.

The Altoona Common Council passed a resolution by unanimous vote accepting the Amendment on September 11, 2003.

In accordance with the statutes in place in 2003, the City then forwarded the approved resolution to the Joint Review Board. At that time, state statute called for the Joint Review Board to meet no sooner than ten (10) days, and no later than thirty (30) days to hold a hearing and consider the amendment resolution.

The Joint Review Board unanimously approved the TID amendment. However, the Joint Review Board approved the amendment on September 19, 2003. Thus, the Amendment was approved two (2) days prior to the ten (10) day minimum requirement.

Since the process was not in strict conformance with state statutes, the Department of Revenue rejected the TID amendment. This minor two (2) day error, was the only reason for Revenue's denial of the amendment.

In 2004, Wisconsin Statutes § 66.1105(4m)(b)2., was amended. Therefore, cities amending their TID Plans are no longer faced with the ten (10) day waiting period.

Since Altoona's amendment was denied, the City has lost more than \$100,000 in tax increment for the 2004 through 2006 tax years and stands to lose another \$40,000 if SB180 is not passed prior to May 31, 2007.

According to the Department of Revenue, the only process for correcting the problem is through the passage of this special legislation. The Department of Revenue has reviewed SB 180 and confirmed the proposed legislation will fix the problem for Altoona.

This problem has not been previously corrected by Altoona officials due to turnover in the Office of the City Administrator.

After taking the position of City Administrator for the City of Altoona about a year ago, and realizing significant increment was being lost which could help pay infrastructure debt on TID #3, I've made this legislation a priority.

Thank you for your assistance on this very important matter.

JRB/rrj

F:\docs\CITY\ALTOONA\0119TIF3 Legislation\Kreitlow Memo FINAL.rtf

MEMORANDUM

TO: Senator Pat Kreitlow/Representative Terry Moulton

FROM: John Robert Behling, Altoona City Attorney

DATE: May 14, 2007

RE: **ALTOONA TIF AMENDMENT/SENATE BILL 180/ASSEMBLY BILL 320**

In September of 2003, the City of Altoona sought to amend their TIF District Plan (TIF #3). By amending the plan, the City would be able to take advantage of new increment. The Altoona Common Council passed a resolution by unanimous vote accepting the Amendment on September 11, 2003.

In accordance with the statutes in place in 2003, the City then forwarded the approved resolution to the Joint Review Board. At that time, state statute called for the Joint Review Board to meet no sooner than ten (10) days, and no later than thirty (30) days to hold a hearing and consider the amendment resolution.

The Joint Review Board unanimously approved the TIF amendment. However, the Joint Review Board approved the amendment on September 19, 2003. Thus, the Amendment was approved two (2) days prior to the ten (10) day minimum requirement. Since the process was not in strict conformance with state statutes, the Department of Revenue rejected the TIF amendment. This minor two (2) day error, was the only reason for Revenue's denial of the amendment.

In 2004, Wisconsin Statutes § 66.1105(4m)(b)2., was amended. Therefore, cities amending their TIF Districts are no longer faced with the ten (10) day waiting period.

Since Altoona's amendment was denied, the City has lost more than \$100,000 in tax increment for the 2004 through 2006 tax years and stands to lose another \$40,000 if SB180/AB320 is not passed prior to May 31, 2007.

According to the Department of Revenue, the only process for correcting the problem is through the passage of this special legislation. Our office has also received verification from the Department of Revenue that SB180/AB320 will fix the problem for Altoona.

This problem has not been previously corrected by Altoona officials based on turnover in the Office of the City Administrator. The new Administrator, Mike Golat, has made this financial matter a priority for the City.

Thank you for your assistance on this very important matter.

JRB/rj



State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.revenue.wi.gov>

Jim Doyle
Governor

Roger M. Ervin
Secretary of Revenue

Senate Committee on Labor, Elections and Urban Affairs, May 15, 2007

SB 180—Timing of Joint Review Board Meeting—City of Altoona TIF (Sen. Krietlow))

Description of Current Law and Proposed Change

Under current law, a city or village must follow certain procedures within certain time frames to create or amend a tax incremental finance district (TID), including holding public hearings, obtaining approval of a proposed plan by the local legislative body, and adoption of a resolution creating the TID as of a certain date. The Department is responsible for certifying the base value when a district is created or redetermining the base value when territory is added. The Department also determines the value increment each year thereafter until the district is terminated.

A joint review board (JRB) must approve the creation of TIDs in every municipality across the state. The JRB is comprised of five members who represent the interests of the municipality, its overlying districts (school, technical college, and county) and the public. One of the requirements in the 2001 statutes was that a joint review board approve an amendment to a project not less than 10 days or more than 30 days after receiving the resolution amending the plan from the common council or village board. An amendment for TID number three in Altoona was approved by the joint review board less than 10 days after receiving the resolution from the common council in September of 2003. Current law requires the amendment to be approved within 30 days of receiving the resolution.

Under the bill, the requirement that the joint review board approve an amendment neither less than 10 days nor more than 30 days after receiving the amendment would not apply to TID number three in Altoona. The bill would require the Department to treat the TID as if that requirement had been complied with and to redetermine the base value of the district using January 1, 2003, property values. A value increment pertaining to the amendment could not be certified until 2007.

Fairness/Tax Equity

- Special legislation has been used in the past with other municipalities to remedy procedural errors.
- If there has been growth in the area intended to be in the TID since 2003 when the attempt to amend the district failed, overlying districts (such as a county or school district) may have benefited from a lower property tax rate than they would have had if the district had been amended. Consequently, using the 2003 values at this time could result in a significant